

The Washington City Council met in a continued session on Wednesday, June 14, at the Brown Library at 4:30 p.m. Present were: Judy Jennette, Mayor; Ed Gibson, Councilman; Richard Brooks, Councilman; Archie Jennings, Councilman; Mickey Gahagan, Councilman; Darwin Woolard, Mayor Pro tem; James Smith, City Manager; Fred Holscher, City Attorney; and Rita A. Thompson, City Clerk.

Also present were: Carol Williams, Finance Director; Philip Mobley, Parks & Recreation Director; Julie Hicks, Library Director; and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and Councilman Gibson delivered the invocation.

**ADOPT RESOLUTION APPROVING FINANCING TERMS (\$515,000)**

Carol Williams, Finance Director, stated that bids were received from four financial institutions on a 59 month installment note in the amount of \$515,000 for the renovations to and construction of City facilities. Bids were received from Wachovia Bank, Branch Bank & Trust Company, Bank of America, and First South Bank.

The renovations include \$85,000 to Brown Library, \$75,000 to the Public Works Equipment Shelter, \$75,000 to the Civic Center, and construction costs include \$75,000 for the skateboard park, \$75,000 for a wash bay at the City garage, and \$130,000 for a dechlorination system at the Water Treatment Plant. Wachovia Bank has offered the City the best financing terms with a 3.93% interest rate on the loan and a not to exceed amount of \$5,500 associated closing cost. The monthly payments on the loan will be \$9,614.34.

On motion of Councilman Gahagan, seconded by Councilman Jennings, Council unanimously adopted a Resolution approving the financing terms of a 59 month installment note agreement in the amount of \$515,000 with Wachovia Bank and authorize the Finance Director to execute all documents on behalf of the City, contingent upon the Local Government approval of the financing terms and agreement.

**RESOLUTION APPROVING FINANCING TERMS**

**WHEREAS;** The City of Washington ("the City") has previously determined to undertake a project for renovations to the Brown Library, Public Works equipment shelter, Civic Center, and construction of a skateboard park, wash bay at the city garage, and a dechlorination system at the water treatment plant; and the Finance Director has now presented a proposal for the financing of such Project:

**BE IT THEREFORE RESOLVED, as follows:**

1. The City hereby determines to finance the Project through Wachovia Bank, in accordance with the proposal dated June 8, 2006. The amount financed shall not exceed \$515,000, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.93% and the financing term shall not exceed fifty-nine months from closing.

2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. The Finance Director of the City are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as she may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Document shall include a Financing Agreement and a Project Fund Agreement as Wachovia Bank may request.

3. The Finance Director is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by City

officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Director shall approve, with the Finance Director's release of any Financing Document for delivery constituting evidence of such officer's final approval of the Document's final form.

4. The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Sections 265(b)(3).

5. All prior actions of City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Adopted this the 14<sup>th</sup> day of June, 2006.

s/Judy Jennette  
**JUDY JENNETTE**  
**MAYOR**

ATTEST:

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC**  
**CITY CLERK**

#### **DISCUSSION – USER FEE FOR LIBRARY**

Mayor Jennette stated that Council is here to meet with the Library Board of Trustees and the Friends of the Library to discuss a proposed user fee for the Brown Library.

Ms. Susan Murrell stated that the Brown Library has received very bad publicity since the article appeared in the newspaper about a \$15.00 library user fee. She asked that the Council liaison attend their meetings and take information back to the City Council. She stated that the Library will lose membership that will be difficult to recoup and asked Council to do good public relations to turn this around.

Mrs. Terry Baynor stated that this fee singles out children who are at a disadvantage to pay. Councilman Gahagan pointed out that this proposed fee did not require children under 18 to pay.

Councilman Jennings stated that he asked for this meeting. He stated that the root problem is the cost of running a City Library to provide services to a large part of the County. We are trying to get this problem on the table and Council wants to hear how we can offset the increased costs. He pointed out that the Library budget is \$385,000, \$7800 is contributed by the County and the City of Washington gives \$7800 to the BHM.

Ms. Fran Brundage asked if the City has gone before the County Commissioners and asked for more money, that this library has always been here for everyone to use. Julie Hicks stated that she appears before the County Commissioners and asks for money for the Library (\$12,000 this year). Ms. Brundage suggested that a group go before the County Commissioners.

Ms. Baynor stated that one of the problems it is not advertised enough. She stated she would hate to see us eliminate people in the County. Councilman Gahagan pointed out that 14.5% taxes support the Library and Recreation.

Councilman Gibson stated that this Council’s first responsibility is to the City’s residents. Mrs. Brundage stated that 56% of the Friends of the Library are out of the City. Councilman Jennings stated that it wouldn’t be unreasonable for some of the County money to go to the Library, that budget constraints make it difficult.

Mr. Al Everson stated he is a county resident and has always donated to the library. If this is a private domain, it should be operated as a private facility. He asked if Council is trying to cut the county residents out?

Ms. Nancy Nash mentioned combining the two libraries (BHM and Brown). Mr. Albertson stated that the BHM supports three counties. Mrs. Hicks stated there has been a lot of talk about merging and it may be the best things for library services. She stated they received a grant to do a long range plan. Nobody in those meetings want to merge, they don’t know what’s involved. Down the road it may make a lot of sense. If we join BHM, we could get more money from the State, but she doesn’t see a great desire to bind with BHM.

Mr. Luis Encinias asked how much the \$15.00 raises? Julie reviewed the following:

City residents	3752	Adult Cardholder	7705	70.6%
County residents	6862	Juvenile Cardholders	3215	29.4%
County Residents @ 70.6%		\$72,626		
If 30% Households Have Two Cards		\$50,838	70%	
If 20% Households Have Parent/Child		\$40,671	80%	
If 50% decide to discontinue		\$20,335	50%	

Mrs. Katie Lake read parts of a letter from Pat Rawls which referred to “an equitable distribution of tax money” and “attempting to change ill feelings, the solution being to work with the County Commissioners and it might take months to achieve.”

Ms. Lake stated that she doesn’t mind paying for swimming pool, Senior Citizens, etc. but the concept of the Library is it is free and should continue.

Councilman Gahagan stated that it will be even tighter next year and Council is trying to find a way to find more money, maybe se up an endowment fund to help operate this place. City taxpayers are looking at Council to not raise taxes.

Mr. Harlan McKendrick stated that it seems like a good idea for this group to attend the County Commissioner’s meeting.

Ms. Deloris Lee stated that the City is a small part of the County but we are still the County. She asked that we look at other options to raise money than dividing the County.

Mayor Jennette asked how many cities run libraries in North Carolina. Ms. Hicks answered 10.

Ms. Paulette Cole stated she works in education and kids desperately need the library. She says she sees parents struggling now and this would be another added cost. She is a County resident but she donates books; that County residents support the library. She understands what Council is saying about the budget, but pretty soon she ill want to shut out the City of Washington.

Councilman Gahagan stated that the City Council appropriates \$385,000 to the Library. Every one cents on the tax dollar is \$55,000, the County raises \$300,000 for every penny, maybe the Council is the wrong group to talk to.

Joyce Stallings and Mrs. Brundage suggested everyone give \$5.00 across the board. Councilman Gibson stated the city residents would be paying twice. Someone in the audience stated that the County residents supports the businesses in town.

Mr. McKendrick stated that this group of people does not want the \$15 fee so we're spending a lot of time over nothing...go to the County Commissioner's meeting.

Mr. Smith stated that there is a 40% cut in the budget and if this continues, none of us will have a library.

Mr. Joe Mangum stated that a program needs to be worked out so the County share in their use of the library and suggested some constructive financing (like the Turnage Theater did) to raise money.

Ms. Bernince Marle stated this is a wonderful library and we should be proud and keep it going...the library is a special place.

Councilman Jennings stated this is not about the City and the County, we're just trying to communicate the problem. An inequity exists and we're trying to make it right. Mr. Albertson stated that if you charge a fee to people who live 20 and 30 miles away, they won't come. Mrs. Brundage stated that kids come from Bath and Belhaven. Ms. Hicks stated the return is not in revenue, its intangible benefits and these groups help us stay open.

Councilman Jennings commented that when this came up, they said they would never take action without asking the Board of Directors and Friends of the Library. Mayor Jennette thanked everyone for coming.

RECREATION ADVIORY COMMITTEE

Philip Mobley passed out information the Recreation Advisory Committee cam up with on saving money in the Parks & Recreation budget, and having a full time maintenance position restored to the budget. Council reviewed the information:

		05-06		06-07
Full time salaries	(6)	\$161,827	(5)	\$166,735
Part Time salaries	(7,300 hrs)	\$ 47,500	(2,492 hrs)	\$16,200 to meet budget before the position Was cut)
Total		\$209,327		\$182,935

Summary:

Loss of 1 Full time position	2,080 hours
Equivalent of 2.3 men @ 2080 hrs. Or 4.6 men @ 1040 hrs (PT)	4,808 hours
Total loss hours	6,888 hours

- Department Concerns:
- New Skatepark
  - New Beebe Park
  - Playground and Park safety

More and more Event cleanups  
Public restrooms (7 days/week cleaning):  
    Parkway (Docks)  
    Havens Gardens  
Trash Pickup and cleanup @ Parks & Downtown (7 days/week)

**Expenditures**

(18,000)	Insurance and T-Shirt Fees	(18,000)
(9,000)	Part time admin staff	
	Rentals	
	Peterson Building	1,300
	Andrews Center	1,800
	Boat Docksa	40,482
(2,000)	Coaches Clinics	
(2,000)	Youth Materials	
\$3,000	Football Program	
\$27,419	1 Full time maintenance position w/benefits	
	Replace resident/non resident fee with a “Per User” fee of \$25	300
(\$581)	<b>Totals</b>	<b>\$25,882</b>

**Summary**     The net results of changes in recreation operations while keeping the full time position results in an increase of \$26,463.

Mrs. Cathy Boyd stated that they are recommending a “user” fee of \$25.00 for everyone and eliminating the “participation” fee. Under the proposal, the City would require each sports league that operates a sports program to collect a flat fee per participant. It would be up to the Leagues to determine how much they charge each of their players. The \$25 user fee would be used to maintain and improve facilities used by the leagues. Councilman Gibson commented that it is still a burden on the City to have to support county residents. Mrs. Boyd stated all would be using the same facilities and they thought it would be fair. Councilman Gibson asked how it would help the City? Mr. Mobley stated that it would generate revenue for the town.

Council discussed the need for more parents to volunteer and also the need for more tournaments.

Council thanked the Recreation Committee for their efforts, and told them they would consider the committee’s recommendations as it continues budget deliberations.

The Recreation Advisory Committee left at 7:02 p.m.

**BUDGET DISCUSSIONS CONTINUED**

Mr. Smith reviewed the anticipated changes in the proposed FY 2006-2007 budget. These changes came about during discussions at various budget workshops:

Revenues	
Occupancy Tax Admin	\$773
Recreation rentals	\$ 3,100

Boat slip rentals	\$40,000
Legal fees	\$10,000
Admin Charges (Enterprise funds)	(\$17,498)
TDA Reimbursement	\$63,786
Civic Center	(\$51,900)
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Sub total Revenues Change	\$48,261
Expenditures	
Legal	(\$25,000)
Fire Dept.	
2 <sup>nd</sup> Station delayed	(\$45,450)
Chief Bldg. Official	<u>22,969</u>
	(\$22,481)
Workers Comp Insurance	\$70,000
Property & Liability Ins	\$32,500
Rec – Athletics & Program	\$ 3,000
Hwy 17 Assn	\$ 7,500
Health Insurance	
Rate Reduction	(\$43,963)
Empl Benefits Review	<u>25,000</u>
	(\$18,963)
Sub Total Expenditures	\$46,556
Contingency	\$ 1,705
(reduced to \$104,936= ≤ 1%	
Anticipated FY 2008	
Fire Truck Debt Service	\$182,614
Fire Station Constn Loan	<u>58,500</u>
	\$241,114
Tax Impact	\$0.04

Mr. Smith recommended the tax rate be increased by eight cents, from 55 cents per \$100 valuation to 63 cents.

Mr. Smith pointed out that the budget had been severely cut already and he anticipates at least three years to get back on track. He stated that facilities like 7<sup>th</sup> Street Rec, the Aquatic Center, or Library could be closed, that the City does not have to provide those services.

Councilman Gahagan asked that employee vacancies be evaluated as they come up to see if the position needs to be filled.

Staff will look into the legalities of a food tax.

Councilman Gibson moved to adjourn the meeting until Monday, June 19<sup>th</sup> at 4:30 p.m. Councilman Brooks seconded the motion. Councilman Jennings, Councilman Gahagan and Mayor Pro tem Woolard voted no. –Motion failed.

Councilmembers opposing the motion felt that the Manager needed some decision made on the tax rate.

Mayor Jennette polled Council to find out what they wanted to do about a tax rate:

Mayor Pro tem Woolard	increase by six cents
Councilman Gibson	no increase
Councilman Gahagan	five cents
Councilman Jennings	five cents
Councilman Brooks	five cents

After discussion, Council agreed to add the anticipated \$120,000 in revenue from the sale of lots the City owns, and decreased a proposed contingency allocation from \$100,000 to \$50,000 in the proposed budget in order to increase the tax rate by five cents, not eight cents.

At 7:45 p.m., on motion of Mayor Pro tem Woolard, seconded by Councilman Brooks, Council adjourned the meeting until Monday, June 19, 2006 at 4:30 p.m.

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**Rita A. Thompson, CMC  
City Clerk**